

FORM 7

MONTHLY PROGRESS REPORT

Name of CNSX Issuer: **NEWLEAF BRANDS INC.** (the "Issuer", "Newleaf", we" or "our").

Trading Symbol: **NLB**

Number of Outstanding Listed Securities: **33,438,205**

Date: **March 5, 2020 (for the month of February 2020)**

Report on Business

1. *Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month.*

The Issuer is an innovative Cannabidiol ("CBD") lifestyle Company. Through the Company's wholly-owned subsidiaries We are Kured, LLC, Drink Fresh Water, LLC, ReLyfe Brand, LLC and TeaLief Brand, LLC the Company's main business activities encompass the development, marketing, and distribution of CBD products (including vaporizer pens/cartridges, hot/cold tea, softgel capsules and beverages) throughout North America, South America, and Europe. In addition, NewLeaf Brands, Inc. has extensive retail and cultivation land investments in Oregon, USA

See Item 2 below for a summary of the Issuer's business and operations during the month of February 2020.

2. *Provide a general overview and discussion of the activities of management.*

During the month of February 2020, the Issuer principal activities consisted of general management and administrative matters and the following:

- On February 27, 2020, the Issuer announced its new 2020 sales and revenue initiative.
- On February 19, 2020, the Issuer announced that it has officially started the development of a new on-line marketplace named The Hemp Stand.
- On February 14, 2020, the Issuer announced that it has entered into three distribution agreements with each of HemPup LLC, Vida Concepts LLC and NXTGEN LLC. These agreements brings to completion the company's CBD (cannabidiol) product offering and will also include the CBD SKUs for the health-minded consumers and pet-focused consumers.
- On February 6, 2020, the Issuer announced that it has entered into a binding letter of intent dated Feb. 4, 2020, with Trellis Holdings Oregon Op LLC to acquire 37.5 per cent of all of the issued and outstanding share capital of Trellis from David Joshua Bartch and Benjamin Martch by way of a share exchange.

3. *Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.*

There were no products or services discontinued during the month of February 2020.

4. *Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.*

There were no products or services discontinued during the month of February 2020.

5. *Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.*

During the month of February 2020, the Issuer entered into three distribution agreements with each of HemPup LLC, Vida Concepts LLC and NXTGEN LLC. These agreements brings to completion the company's CBD (cannabidiol) product offering and will also include the CBD SKUs for the health-minded consumers and pet-focused consumers.

Pursuant to the terms of the agreements, the company will distribute certain HemPup, Vida and NXTGEN products and provide its expertise in the marketing, business development, product formulation, on-line advertising and worldwide sales force and in exchange for the services, the suppliers shall pay to the company a commission fee in the amount of 20 per cent of all gross sales arranged by the company to its contacts and is customers.

The company has recently launched a new nationwide sales force initiative and an extensive on-line advertising campaign where it will feature the HemPup, Vida and NXTGEN products.

6. *Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.*

There were no contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced, expired or terminated during the month of February 2020.

7. *Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.*

There were no acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the month of February 2020; however, the Issuer entered into a binding letter of intent dated Feb. 4, 2020, with Trellis Holdings Oregon Op LLC to acquire 37.5 per cent of all of the issued and outstanding share capital of Trellis from David Joshua Barch and Benjamin Martch by way of a share exchange.

Transaction Summary

Pursuant to the terms of the LOI, NewLeaf Brands will acquire 37.5% of all of the issued and outstanding shares in the capital of Trellis by way of a share exchange. In consideration for the Transaction, the Company will pay an aggregate amount of USD \$2,250,000, payable in the form of 28,000,000 common shares in the in the capital of Company to the Vendors. The share price is to be set on the closing price as of the date of signing the LOI.

Conditions to the Transaction

The Transaction is subject to the satisfaction of customary closing conditions, including as follows:

- the Company obtaining any requisite director and shareholder approvals;
- the completion of due diligence investigations to the satisfaction of the Company;
- the Company and Trellis entering into the definitive agreement; and
- all requisite regulatory and stock exchange approvals relating to the Transaction and Exchange approvals.

Additional Information Regarding the Transaction

The participation of the directors in this Transaction constitutes as a “related party transaction” within the meaning of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transaction (“MI 61-101”). The Transaction is exempt from the formal valuation requirements of MI 61-101 pursuant to section 5.5(a) and the minority approval requirements of MI 61-101 pursuant to section 5.7(1)(a) on the basis that the fair market value of the director’s participation is not more than 25% of the Company’s market capitalization.

Completion of the transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and if applicable, disinterested shareholder approval. Where applicable, the transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.

8. *Describe the acquisition of new customers or loss of customers.*

There were no acquisitions of new customers or loss of customers during the month of February 2020.

9. *Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.*

There were no new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks during the month of February 2020.

10. *Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.*

There were no employee hirings, terminations or lay-offs during the month of February 2020.

11. *Report on any labour disputes and resolutions of those disputes if applicable.*

There were no labour disputes during the month of February 2020.

12. *Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.*

There were no legal proceedings to which the Issuer became a party to during the month of February 2020.

13. *Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.*

There were no indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness to a party during the month February 2020.

14. *Provide details of any securities issued and options or warrants granted.*

During the month of February 2020, the Issuer granted 217,533 stock options at an exercise price of \$0.095 to a consultant of the Issuer.

15. *Provide details of any loans to or by Related Persons.*

There were no loans to or by Related Persons during the month of February 2020.

16. *Provide details of any changes in directors, officers or committee members.*

As at the date of this report, the directors and officers of the Issuer were as follows:

- **Mr. David Joshua Bartch, Director, President, Chief Executive Officer and Interim Chief Financial Officer**
- **Mr. Benjamin Martch, Director and Chief Marketing Officer**
- **Mr. Erik Knutson, Director**
- **Mr. Michael Connolly, Director and Chief Compliance Officer**

17. *Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.*

The trends and risks which are likely to impact the Issuer are detailed in the Issuer's Management Discussion & Analysis ("MD&A") dated September 30, 2019 under the heading "Risks and Uncertainties". The MD&A is available on the Issuer's SEDAR profile at www.sedar.com.

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Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there were is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to CNSX that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all CNSX Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated **March 5, 2020**

David Joshua Bartch

Name of Director or Senior Officer

"David Joshua Bartch"

Signature

President and CEO

Official Capacity

Issuer Details Name of Issuer NEWLEAF BRANDS INC.	For Month End February 2020	Date of Report YY/MM/DD 2020/03/05
Issuer Address Suite 810 – 789 West Pender Street		
City/Province/Postal Code Vancouver, BC V6C 1H2	Issuer Fax No. N/A	Issuer Telephone No. (604) 687-2038
Contact Name David Joshua Bartch	Contact Position CEO	Contact Telephone No.
Contact Email Address josh@nabrandsinc.com	Web Site Address nabrandsinc.com	